Bruno Scaroni

Group Strategy & Business Accelerator Director, Assicurazioni Generali SpA

Promoting responsible Artificial Intelligence in insurance

As a representative of Assicurazioni Generali, I recently had the privilege of participating in the Geneva Association Working Group on how to promote the responsible adoption of Artificial Intelligence in the industry. I would refer to them as those intelligent systems that automize routine tasks or assist human decision-making along the entire value chain. Such systems may combine new types of learning algorithms with the analysis of data from new types of data sources, such as online media data and IoT data. Natural language processing is surely an AI revolution for the industry: it enables intelligent systems to 'talk' and interact with humans, and Insurers are increasingly using chatbots that can identify and respond to ordinary customer queries that are available 24/7.

While working in Europ Assistance some years ago, we pioneered the use of natural language processing for the delivery of Motor Assistance and towing services in Europe: by establishing a chatbot to manage ordinary assistance request calls, we succeeded in improving customer service and responsiveness of the call center operations, whilst preserving operational efficiency. Computer Vision technology is also an AI application that can materially improve how Insurers manage claims with faster and more accurate responses: intelligent systems can detect and recognize objects in pictures, extract related information and provide guidance on the claims management. Such an approach is present tense in some markets, especially in the Motor Other Damage servicing.

In addition to such cases, intelligent systems can detect patterns and correlations in complex data in ways never thought possible before, and set the basis for analytical tasks such as classification, regression and clustering that are crucial in the insurance business model. Compared to traditional modelling that generally relies on linear models, intelligent systems have the potential to provide more complex non-linear relationships between variables and consequently better risk modelling. The Geneva Association working group identified three socio-economic benefits of AI:

- Expand the scope of risk pooling, by extending coverages to new and previously uninsured customer segments, and by widening the range of risks for which insurance is available;

- Reduce the cost of risk pooling, by decreasing the cost of the value chain through automation of specific activities, reduction of moral hazards and adverse selection;

- Mitigate and prevent risks by better modelling and enabling predictive capabilities that can avoid or reduce losses;

- However, in all contexts AI is based on data, and data represents the key factor that allows intelligent systems to consequently progress. Insurers need to master data and earn customer trust to utilize their data in to maximize the benefits of AI. To gain such trust is crucial to clarify AI benefits, provide undisputed value to customers and manage data responsibly. In order to achieve customer confidence and reap maximum benefits from AI, Insurers should adopt clear guidelines on how to implant intelligent systems in their value chain, and how to appropriately make use of its capabilities. In conclusion, Internal guidelines and policies play an important role in raising the awareness of the benefit–risk trade-offs in the use of AI in insurance.

From a regulatory perspective, the definition of ethical principles for the use of such technologies can be a key initial step in supporting both technological progress and the industry evolution. Such principles would also be guiding stars for other technologies that will arise in the future, and pose similar benefit-risk trade-offs. (Reference: The Geneva Association - Promoting Responsible Artificial Intelligence in Insurance, January 2020). ●